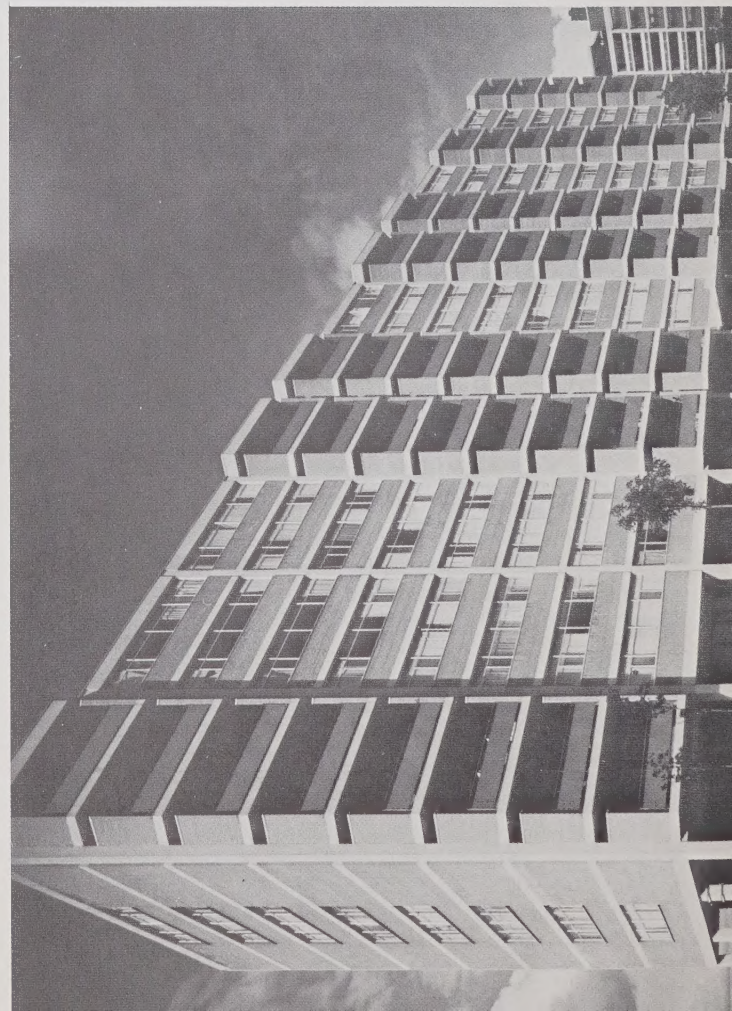
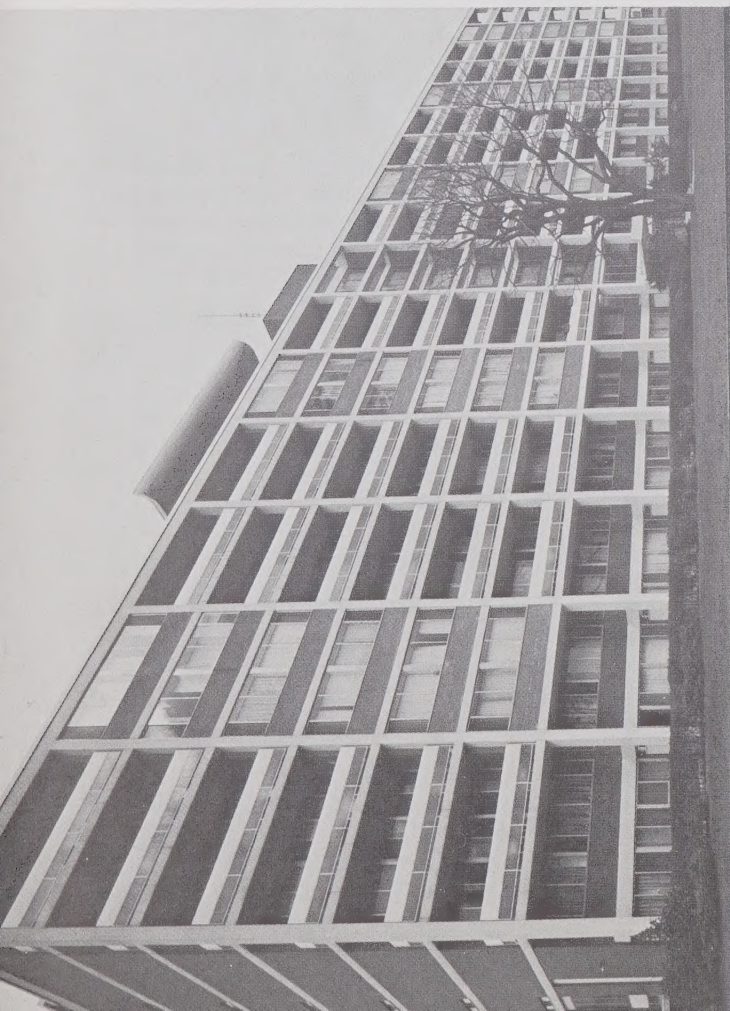
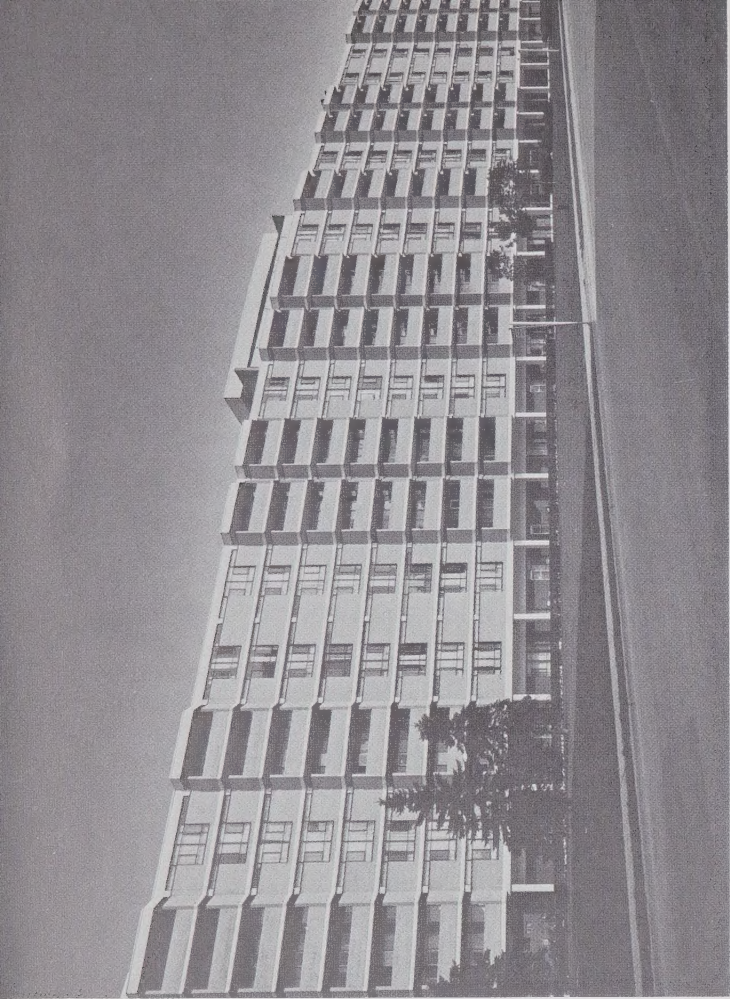
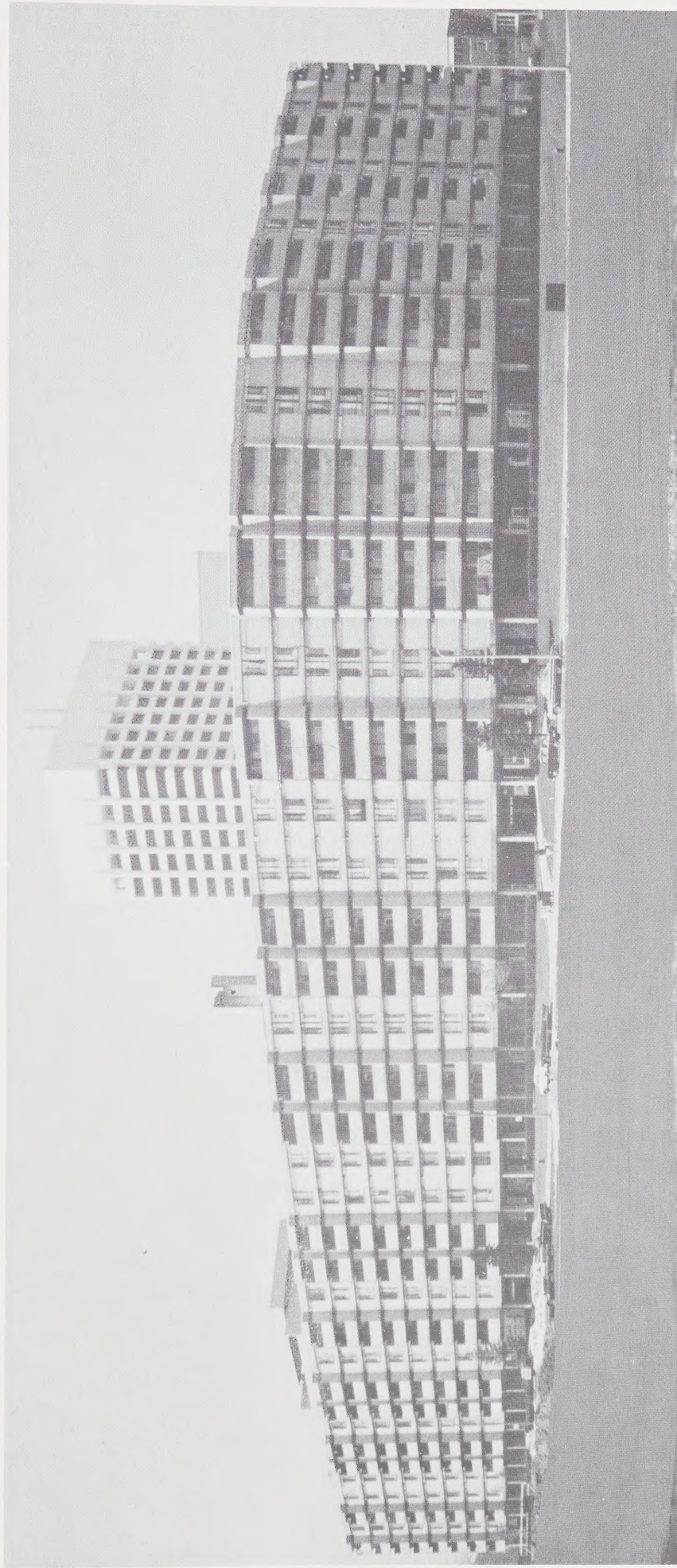


TOKAR
LIMITED

REPORT FOR THE PERIOD ENDING JUNE 30, 1970





Some of the apartment buildings owned by
Canadian Goldale Corporation Limited, Toronto, Canada



P.O. BOX 146 - SUITE 3208
TORONTO DOMINION BANK TOWER, TORONTO DOMINION CENTRE,
TORONTO 111, ONTARIO

OFFICE OF THE PRESIDENT

August 21, 1970

To the Shareholders:

Because of the extensive changes that have taken place in your company since the first of the year we are including an unaudited consolidated balance sheet as of June 30, 1970 along with the Interim Consolidated Statement of Income for the period and the source and application of funds.

Your company has increased its holding in Canadian Goldale Corporation Limited to approximately 29% of the issued shares of that company.

During the month of June, your wholly owned subsidiary Diversco Holdings & Industries Limited sold its shares in the Robert Woolley Shoe Company Limited in a cash transaction which amounted to the value of the shares held. In view of the high labour content in this industry it was deemed advisable to accept a purchase offer that was received.

Valley View Dairy, acquired last March, is growing and prospering.

We have prepared for you a chart showing the relationship between the group of companies resulting from the ownership of approximately 29% of the issued shares of Canadian Goldale Corporation Limited.

Yours truly

360-3397
A handwritten signature in dark ink, appearing to read "K.A. Roberts". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

COMPANY OFFICE — SUITE 601, 100 ADELAIDE STREET, WEST, TORONTO, ONTARIO



(Incorporated under the laws of the Province of Quebec)

And It's Subsidiaries

INTERIM CONSOLIDATED BALANCE SHEET

JUNE 30, 1970

ASSETS

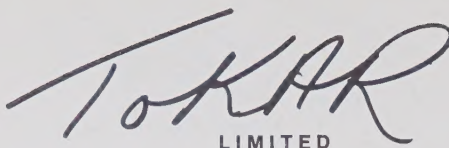
Cash	\$ 146,059
Accounts and notes receivable	1,211,823
Mortgages receivable and balances due under agreements for sale	1,168,504
Inventories, at the lower of cost or net realizeable value	322,092
Land held for development and sale	1,541,436
Franchise fees receivable	516,379
Other fixed assets, at cost, less accumulated depreciation of \$1,384,406	854,185
Investments in other companies including listed shares with a quoted market value of \$2,582,890	5,731,403
Prepaid expenses and sundry assets	176,993
Excess of cost of shares of subsidiaries over book value of underlying assets	314,520
	<hr/>
	\$11,983,394
	<hr/>

LIABILITIES

Bank indebtedness	\$ 960,099
Accounts payable	688,997
Income taxes payable	13,087
Mortgages, notes and debentures payable and amounts due under agreements to purchase	1,580,770
Deferred income taxes	385,146
Unamortized discounts on mortgages and agreements for sale	122,300

SHAREHOLDERS' EQUITY

Capital stock	
Authorized	
5,000,000 shares of no par value	
Issued	
3,160,615 shares	7,937,649
Retained earnings	295,346
	<hr/>
	\$11,983,394
	<hr/>



And It's Subsidiaries
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD FROM JANUARY 1, 1970 TO JUNE 30, 1970

Gross revenue

Sales	\$2,458,194
Investment income	180,174
Profit on sale of real estate	51,542
Rental income	121,863
Franchise fees and other	401,218
Share of income from Canadian Goldale Corporation Limited	102,206
	<hr/>
	\$3,315,197
	<hr/> <hr/>

Income before the following charges	\$ 672,777
Depreciation	51,709
Interest on long term debt	71,596
Income before income taxes	549,472
Income taxes - current	18,730
Income taxes - deferred	200,000
	<hr/>
Net income	\$ 330,742
	<hr/> <hr/>



And It's Subsidiaries

**INTERIM CONSOLIDATED STATEMENT OF SOURCE AND USE OF CASH
FOR THE PERIOD FROM JANUARY 1, 1970 TO JUNE 30, 1970**

Source of cash

Current operations

Depreciation	\$ 330,742
Net income for the year	51,709
Other charges not requiring cash outlay	110,000
	<hr/>
	492,451

Increase in long term debt	273,178
Reduction in accounts and notes receivable	175,431
Reduction in inventories	254,926
	<hr/>
	1,195,986

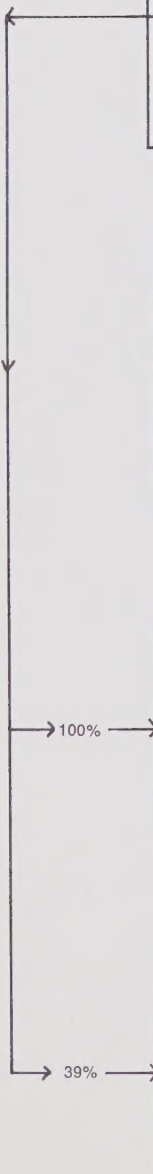
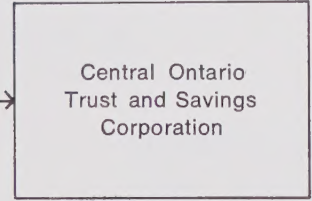
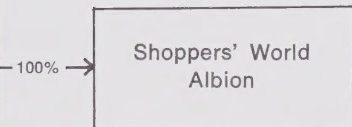
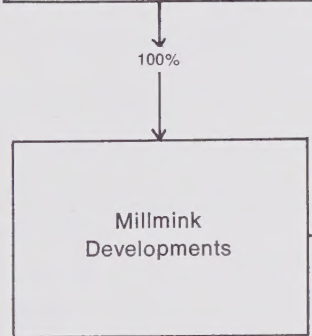
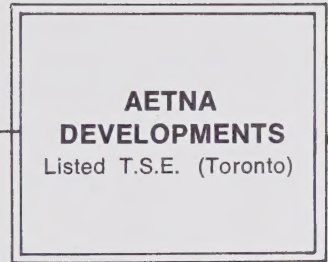
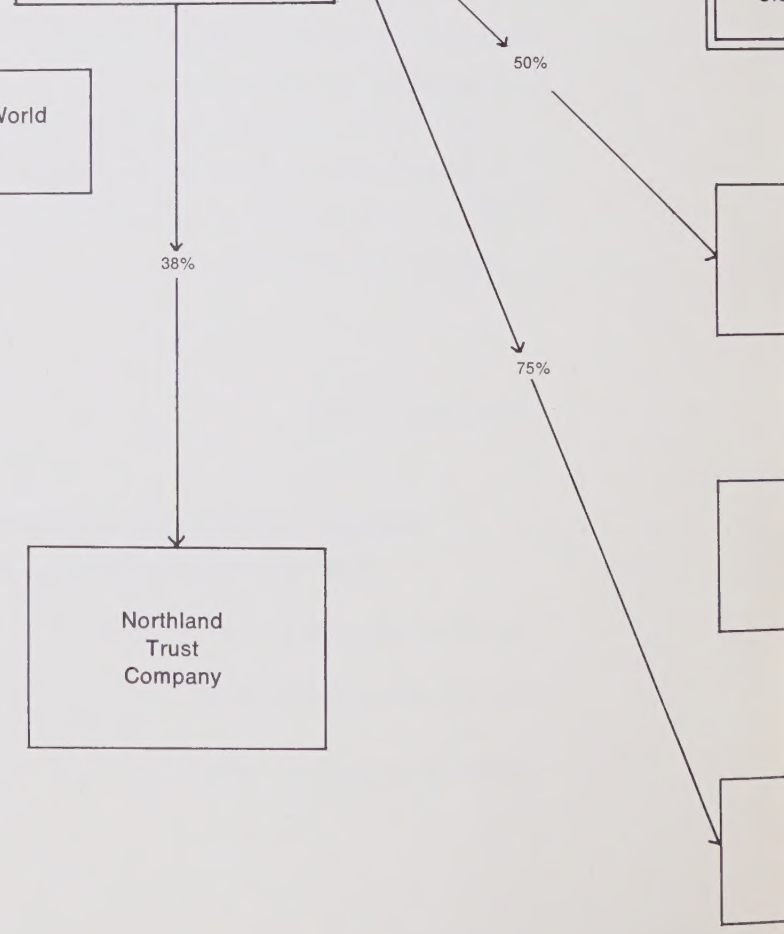
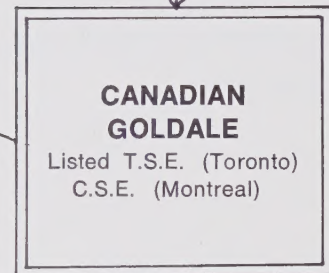
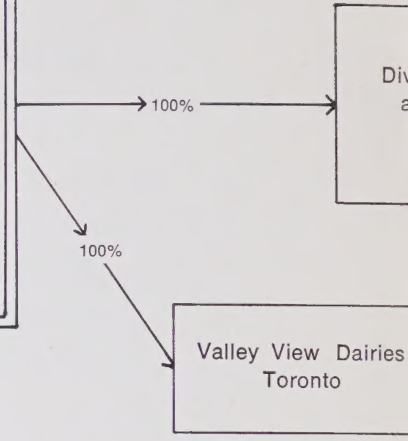
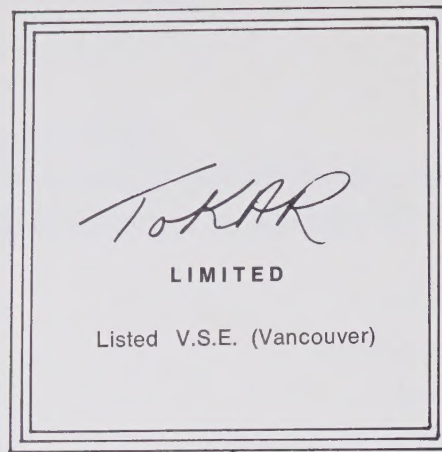
Use of cash

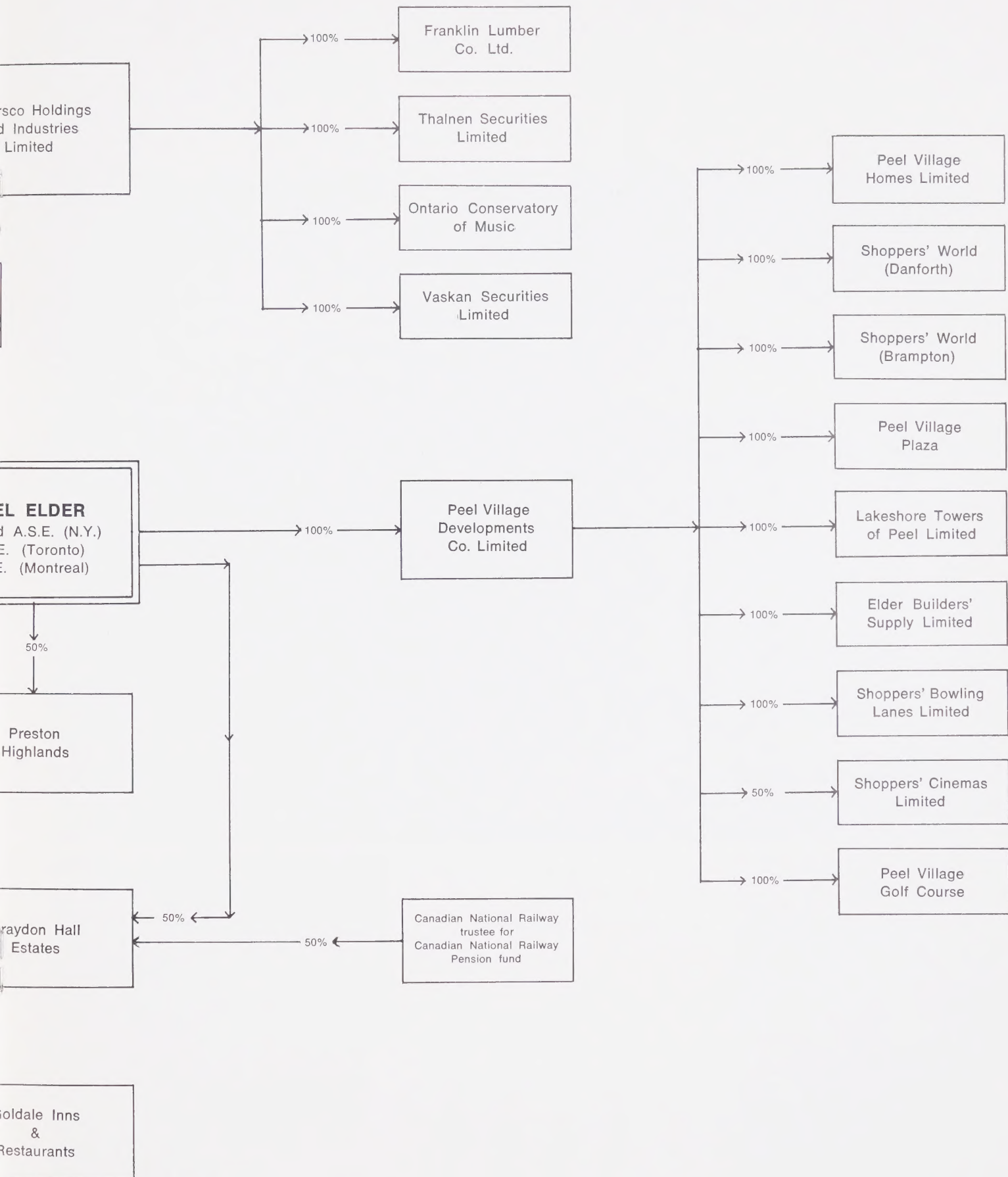
Mortgages and notes receivable	12,114
Land held for development and sale	302,307
Franchise fees receivable	190,053
Purchase of fixed assets and goodwill	244,686
Investments in marketable securities	306,480
Bank indebtedness and accounts payable	163,284
Miscellaneous assets	73,486
	<hr/>
	1,292,410

Decrease in cash	<hr/> <hr/> \$ 96,424
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**INTERIM CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE PERIOD FROM JANUARY 1, 1970 TO JUNE 30, 1970**

Balance, beginning of the period	\$ (35,396)
Net income for the period	330,742
	<hr/>
Balance, end of the period	\$ 295,346





Shopping Centres

. . . owned and operated by Peel Elder Limited

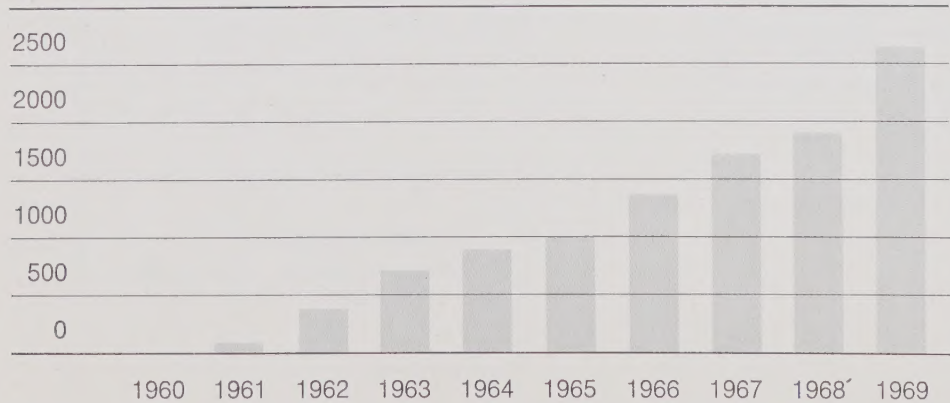
A steadily expanding chain of regional shopping centres under the SHOPPERS' WORLD banner has nearly 200 merchants. This division of Peel-Elder operations provides a great degree of stability and growth. Participatory percentages allow a share in the

business operations of all types of merchants from department stores to barbers. Solid triple A chains and aggressive well financed independants form the base of one of Peel-Elder's fastest growing and most profitable commercial divisions.

Aerial view of the nearly 400,000 sq. ft. Shoppers' World Centre in Brampton just ten minutes from the Toronto International Airport.



Rental revenue
\$ Thousands



Aerial view of Peel Village Square a Shoppers' World neighbourhood shopping centre housing Dominion Stores, one of Canada's largest Supermarket chains.

Shopping Centres

. . . owned and operated by Peel Elder Limited



View of Shoppers' World Danforth at Victoria Park Ave. housing 60 stores including Eaton's, Canada's largest senior department store. Completed in 1962 this is one of Canada's most successful Shopping Centres and will be expanded by an additional 30 stores within the next 12 months.

Sculpture in the Shoppers' World Brampton Mall. Surrounded by beautifully lighted fountains, it has become a meeting place of the happy families who have made the Peel-Village dream a successful reality.



Fast customer service is provided by modern check-out facilities in Eaton's department store Shoppers' World Danforth.

Rental Apartments

. . . Graydon Hall Estates Limited



In keeping with a policy of steady growth in rental income, Peel-Elder has continued to construct rental apartments and has expanded into a property management division. All rental properties are under the direct management of Peel-Elder staff. The desirability of Peel-Elder rental units has been further enhanced by the addition of sophisticated and highly desirable recreational and health club facilities that greatly assist in keeping the rate of vacancy below average.

Aerial view of the Graydon Hall rental project located at the main junction of cross-town and downtown freeways for fast access to all parts of Metro Toronto. This project features the latest in recreational facilities including swimming pool, saunas, squash courts, and exercise rooms in a manor house surrounded by rolling green lawns. This project is jointly owned by Peel-Elder Limited and Canadian National Railway, trustee for Canadian National Railway Pension Fund.



Indoor Pool in the Graydon Hall recreational facilities.

Rental Apartments

. . . by Peel Elder Limited and Graydon Hall Estates Limited



Newest addition to the Graydon Hall complex of apartments now being rented.



Aerial view of the Courtleigh, a strikingly modern building with its own recreational facilities.



Interiors of model suites in Graydon Hall.

Entrance to the Graydon Hall Manor Club.

View of one of the large apartments in Peel Village, Brampton.



Peel Village, Brampton

. . . a total community built in 10 years by Peel Elder Limited



A dream becomes a reality. Hailed as the Canadian model community, the Peel Village concept was lauded throughout the nation and for the first time TOTAL community planning became a reality. Peel Village is still growing and the company that built a city, dreams for the future.



One of the high rise apartments in the Peel Village project.

Giant American Motors plant built by Peel Village created employment for thousands.

. . . by Peel Elder Limited



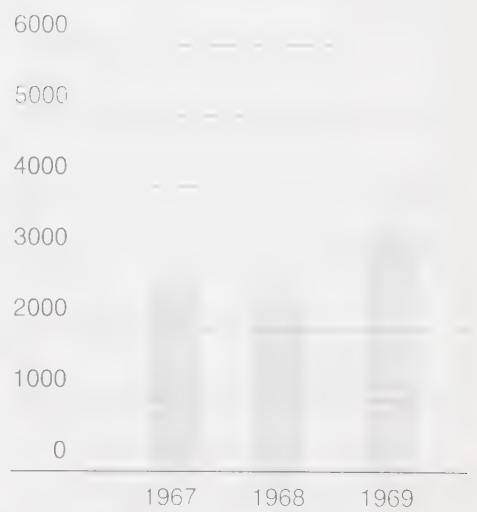
Condominium townhouses under construction. Peel Village is still growing.



Aerial view of apartments and American Motors plant in Peel Village.

Land and house sales

\$ Thousands



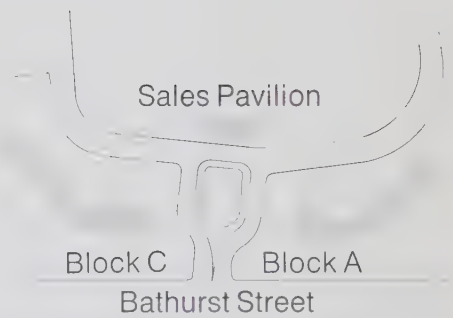
Forest Hills Condominium

17 buildings, 70 million dollars

. . . under construction by Graydon Hall Estates Limited

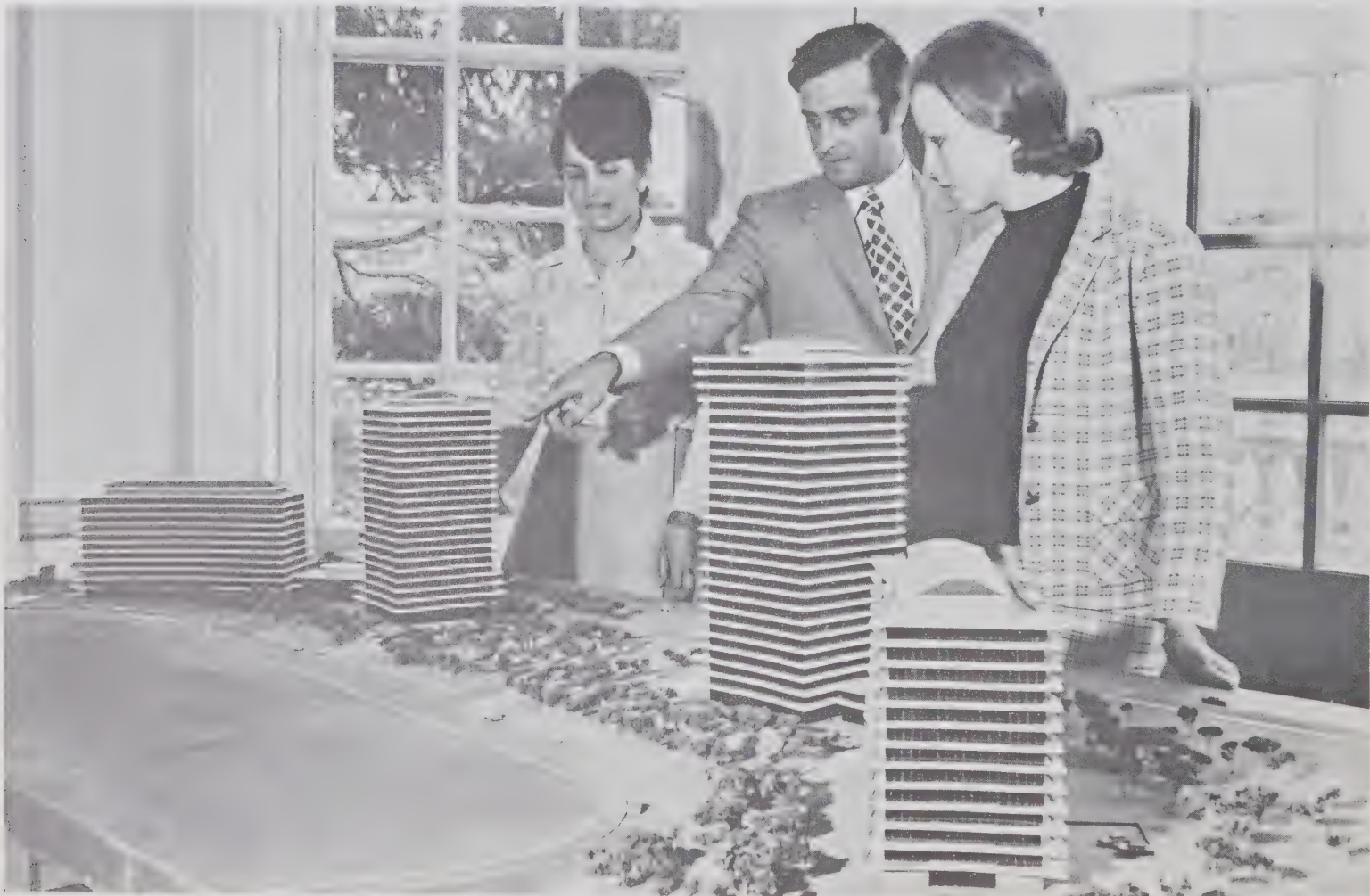
Located on the site of the Forest Hills Golf Club in the heart of north central Metro Toronto, this project will be one of the largest luxury condominium apartment developments in North America. More than 2600 suites are now being built, ranging in size up to 2200 square feet. Construction has started on the first two towers of seventeen to be built and selling starts immediately from a

pecially constructed sales pavilion. This pavilion features exact duplicates of the suites to be built in the first two towers and are furnished as model apartments. Prospective buyers are able to see exactly what they are getting and sales can go forward well in advance of the time that model suites could possibly be ready in the finished buildings.



Site plan showing location of first two buildings.

Model of the first two towers.



Industrial development

. . . by Peel Elder Limited

The giant size American Motors plant brought to Brampton by Peel Village and built by Peel Village. A plant that now employs over 3,000 people, many of whom live in Peel Village homes.



TOKAR LIMITED

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING

To the Shareholders:

TAKE NOTICE that an Annual and Special General Meeting of the Shareholders of TOKAR LIMITED will be held in Room 1109 of the Windsor Hotel, Dominion Square, Montreal, Quebec, on Tuesday, the 30th day of June, 1970, at the hour of 10:00 o'clock in the forenoon, Daylight Saving Time, for the following purposes:—

1. To receive the Directors' Reports and Financial Statements;
2. To consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A7 passed by the Directors on the 10th day of December, 1969, being a By-Law respecting the adoption of a new corporate seal having the words "TOKAR LIMITED" inscribed thereon;
3. To consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A8 passed by the Directors on the 15th day of May, 1970, increasing the number of Directors from five to seven and changing the number of Directors constituting a quorum from two to three;
4. To consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A9 passed by the Directors on the 15th day of May, 1970, changing the fiscal year-end of the Company from the 31st day of December in each year to the 31st day of October in each year;
5. To elect Directors for the ensuing year;
6. To appoint Auditors; and
7. To transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

Copies of By-Laws Numbers A7, A8 and A9 may be inspected at the office of the Company's Solicitors, Holden, Murdoch, Walton, Finlay, Robinson, 2400 The Bank of Nova Scotia Building, 44 King Street West, Toronto, Ontario, or at the Company's Head Office, 601 Canadian Imperial Bank of Commerce Building, 1155 Dorchester Blvd. West, Montreal, Quebec, at any time during normal business hours, prior to the date of the Meeting.

Each Shareholder who will not be able to be personally present is respectfully requested to date, sign and return the enclosed Proxy to the undersigned.

A copy of the Directors' Report and Financial Statements to be submitted to such Meeting is forwarded herewith.

DATED the 2nd day of June, 1970.

By Order of the Board,

H. HUNTER,
Secretary.

TOKAR LIMITED

INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation of proxies by the Management of the Company for use at the Annual and Special General Meeting of the Shareholders of the Company to be held on Tuesday, the 30th day of June, 1970, and at any adjournment or adjournments thereof.

The cost of solicitation will be borne by the Company. The solicitation will be primarily by mail, but proxies will also be solicited by regular employees of the Company. No remuneration will be paid to any person for soliciting proxies, but the Company may, upon request, pay to certain brokerage firms, fiduciaries or other persons holding shares in their names for others, the charges entailed for sending out proxies to the persons for whom they hold shares.

PROVISIONS RELATING TO VOTING

Shareholders of record at the time of the holding of the Meeting will be entitled to one vote for each share held. The Company has outstanding 3,160,615 shares of its capital stock. A Shareholder who has given a proxy may revoke it at any time prior to its use either — (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Company, or (b) by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the Meeting.

THE FORM OF PROXY WHICH ACCOMPANIES THIS INFORMATION CIRCULAR IS SOLICITED ON BEHALF OF THE MANAGEMENT OF THE COMPANY.

A SHAREHOLDER THAT IS NOT A CORPORATION HAS THE RIGHT TO APPOINT ANY PERSON WHO IS ENTITLED TO BE PRESENT AND VOTE AT THE MEETING TO REPRESENT HIM AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. A SHAREHOLDER THAT IS A CORPORATION HAS THE RIGHT TO APPOINT ANY PERSON TO REPRESENT IT AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY. TO EXERCISE SUCH RIGHT THE SHAREHOLDER SHOULD STRIKE OUT THE NAMES OF THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY AND INSERT THE NAME OF HIS OR ITS NOMINEE IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE.

On any poll, the persons named in the form of proxy will vote the shares in respect of which they are appointed, for the confirmation of By-Laws Numbers A7, A8 and A9.

ELECTION OF DIRECTORS

At the Annual Meeting a Board of five Directors is to be elected, to hold office until the next Annual Meeting of Shareholders or until their successors are elected, and it is the intention of the persons named in the enclosed form of proxy to vote such proxy for the election of the following persons, who are the present Directors of the Company and are standing for re-election.

The Management does not contemplate that any nominee will be unable to serve as a Director for any reason, but should this be the case, the persons named in the accompanying form of proxy reserve the right to vote for another person of their choice in his place and stead.

The names of all the nominees as Directors, their principal occupation or employment, the years in which they became Directors of the Company and the approximate number of shares of the Company beneficially owned by them, directly or indirectly, as of the 2nd day of June, 1970, are as follows:

<u>Name</u>	<u>Position with Company</u>	<u>Present Principal Occupation</u>	<u>Director since</u>	<u>Number of shares beneficially held</u>
Kenneth A. Roberts	President and Director	Physician and Executive, Toronto.	28 October, 1960	117,250
Charles F. Watson	Vice-President and Director	President of Peel-Elder Limited and Peel Village Developments Co. Limited, Brampton.	26 June, 1968	30,010
H. Hunter	Secretary-Treasurer and Director	Accountant, Toronto.	3 May, 1948	2,383
A. H. Honsberger	Director	Mining Engineer, Brampton.	28 October, 1960	3,050
S. L. Jaske	Director	Contract Manager of Royal-metal Corporation Limited, Toronto, Manufacturers of office furniture.	28 October, 1960	14,705

Each of the above named persons has held the principal occupation indicated for at least five years, with the exception of C. F. Watson who was elected President of Peel-Elder Limited in 1969.

Pursuant to a Voting Trust Agreement dated January 23, 1970, George E. Johnston, Kenneth A. Roberts and Russell A. Edwards, as Trustees for 20 shareholders holding a total of 683,043 shares of the Company's capital stock and being entitled to have issued to them in all a further 143,300 shares of the Company's capital stock on or before February 1, 1974, as set forth in the paragraph entitled "Remuneration of Management and Others", undertook to vote all the said shares (subject, under certain conditions as set out in the Voting Trust Agreement, to a reduction from time to time in the number of shares included therein) until December 31, 1976, for the election of a majority of the Board of Directors as recommended by Kenneth A. Roberts and for such persons as may form the balance of the Board of Directors of the Company as may be unanimously recommended by George E. Johnston and Russell A. Edwards.

REMUNERATION OF MANAGEMENT AND OTHERS

(a) The aggregate direct remuneration paid by the Company to its Directors and senior Officers during the year 1969 was \$1,200.00.

(b) The estimated aggregate cost to the Company during the year 1969 of all compensation and retirement benefits proposed to be paid to Directors and senior Officers under existing plans on retirement at normal retirement age was \$1,502.00.

(c) During 1969 no options were granted by the Company on shares of its capital stock. Pursuant to certain Agreements in writing whereby the Company acquired common shares of the capital of Diversco Holdings and Industries Limited from individual shareholders of the last mentioned Company, the Company also acquired a total of 8,598 Class "A" Convertible Non-Voting Preference Shares with a par value of \$100.00 each in the capital stock of Diversco (all of the issued shares of the said class) and the Company agreed to issue to such shareholders a total of 143,300 shares of the Company not later than February 1, 1974.

BY-LAW NUMBER A7

At the Annual and Special General Meeting, the Shareholders will be asked to consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A7 of the Company passed by the Directors on the 10th day of December, 1969, adopting a new corporate seal having the words "TOKAR LIMITED" inscribed thereon. This By-Law was required after the name of the Company was changed by Supplementary Letters Patent dated December 9, 1969, in order to adopt as the corporate seal of the Company a seal with the new corporate name inscribed thereon. This By-Law will continue in full force and effect after the Annual and Special General Meeting of Shareholders only if it is confirmed by the Shareholders at such Meeting.

BY-LAW NUMBER A8

At the Annual and Special General Meeting, the Shareholders will be asked to consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A8 of the Company passed by the Directors on the 15th day of May, 1970, increasing the number of Directors from five to seven and changing the number of Directors constituting a quorum from two to three. In order to become effective, said By-Law Number A8 must be confirmed by a vote of not less than two-thirds in value of the shares represented by the Shareholders present at the forthcoming Annual and Special General Meeting and a certified copy of the By-Law deposited with the Minister of Financial Institutions, Companies and Co-operatives for the Province of Quebec. In the event that said By-Law Number A8 is confirmed as aforesaid, it is proposed to elect George E. Johnston and Russell A. Edwards to the Board of Directors. George E. Johnston resides at 2 Brant Street North, Galt, Ontario, his principal occupation is Real Estate Salesman and he is a Director of Diversco Holdings and Industries Limited, a wholly-owned subsidiary of Tokar Limited. Mr. Johnston was formerly President of General Shoe Division of Genesco, retiring April 1, 1966, and prior thereto was Vice-President of The J. A. Johnston Company Limited and Reward Shoe Stores Limited. Russell A. Edwards resides at 50 Hillcrest Drive, Galt, Ontario, his principal occupation is Barrister and Solicitor, and he is President and a Director of Diversco Holdings and Industries Limited.

BY-LAW NUMBER A9

At the Annual and Special General Meeting, the Shareholders will be asked to consider and, if deemed advisable, to confirm, with or without variation, By-Law Number A9 of the Company passed by the Directors on the 15th day of May, 1970, changing the fiscal year-end of the Company from the 31st day of December in each year to the 31st day of October in each year. This By-Law was enacted to change the fiscal year-end of the Company to the 31st day of October in each year, which is the fiscal year-end of the recently acquired wholly-owned subsidiary, Diversco Holdings and Industries Limited, and is the fiscal year-end of the nine subsidiaries of Diversco Holdings and Industries Limited. This By-Law will continue in full force and effect after the Annual and Special General Meeting of Shareholders only if it is confirmed by the Shareholders at such Meeting.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of Proxy intend to vote for the appointment of Collins, Love, Eddis, Valiquette & Barrow, as auditors of the Company to hold office until the next Annual Meeting of Shareholders. Collins, Love, Eddis, Valiquette & Barrow have not previously been appointed auditors of the Company.

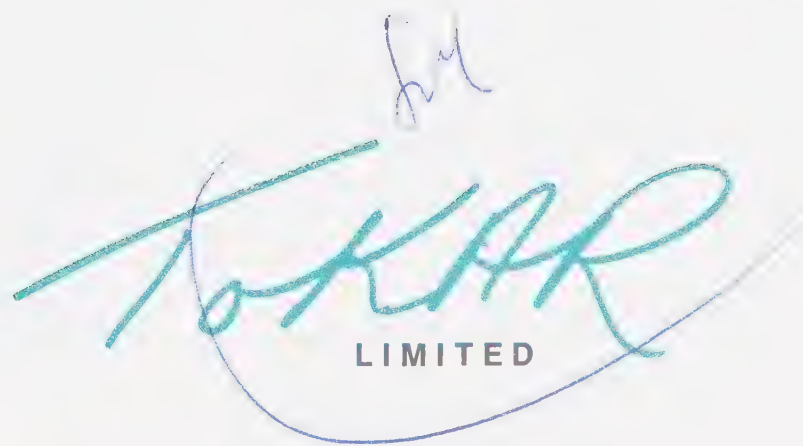
OTHER MATTERS

The Management does not know of any other matters to be brought before the Meeting other than those hereinbefore set forth and in the Notice of the Meeting. However, if any other matters which are not now known to the Management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.

By Order of the Board,

H. HUNTER,
Secretary.

Toronto, Ontario,
June 2nd, 1970.



ANNUAL REPORT - 1970

TOKAR LIMITED

Incorporated under the laws of the Province of Quebec

Annual Report

For the Year Ending December 31, 1970

Directors

K. A. ROBERTS	-	-	-	-	-	-	-	-	TORONTO, ONTARIO
C. F. WATSON	-	-	-	-	-	-	-	-	BRAMPTON, ONTARIO
A. H. HONSBERGER	-	-	-	-	-	-	-	-	BRAMPTON, ONTARIO
S. L. JASKE	-	-	-	-	-	-	-	-	TORONTO, ONTARIO
H. HUNTER	-	-	-	-	-	-	-	-	TORONTO, ONTARIO

Officers

PRESIDENT	-	-	-	-	-	-	-	-	-	K. A. ROBERTS
VICE-PRESIDENT	-	-	-	-	-	-	-	-	-	C. F. WATSON
SECRETARY-TREASURER	-	-	-	-	-	-	-	-	-	H. HUNTER

Solicitors

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON
TORONTO, ONTARIO

Transfer Agents and Registrars

CANADA PERMANENT TRUST COMPANY
MONTREAL, QUE. AND TORONTO, ONT.

Head Office of the Company

601 CANADIAN IMPERIAL BANK OF COMMERCE BUILDING
1155 DORCHESTER BLVD. WEST, MONTREAL, QUE.

Toronto Office

601 CONCOURSE BUILDING, 100 ADELAIDE STREET WEST
TORONTO, ONTARIO



President's Report



K. A. Roberts, M.D.

TO THE SHAREHOLDERS:

The year 1970 proved to be one of major change for your company.

Through a share exchange offering along with purchases on the open market, your company acquired 833,790 shares of Canadian Goldale Corporation Limited which represents about 29% of the issued shares. Through this holding Tokar is participating in the many activities of the Canadian Goldale group of companies in land development, housing, high rise apartments, condominiums, major shopping centres, commercial and industrial developments — a very broad base for participation in the development of the Canadian economy.

Through Canadian Goldale we also gain an interest in the Trust company industry through share holdings of Northland Trust, Central Ontario Trust & Savings Corporation and Central Ontario Savings & Loan Corporation. This is an area of great growth potential. The relationship of these companies is shown in the corporate chart.

In 1970 your company acquired Diversco Holdings and Industries Limited. Through this group of companies which are 100% owned by Tokar Limited we are participating in four areas of growth, namely, Music, Lumber Supply, Finance, Realty ownership and development.

On March 31, 1970, we acquired "Valley View Dairies", located in Toronto. This company has been operating successfully and the results are up to our expectations. The volume of business done by our dairy in calendar 1970 amounted to approximately six million dollars. Only sales from April 1st, 1970 to October 31st, 1970 are reflected in this statement.

We look forward to an exciting future for Tokar Limited.

On behalf of the Board

K. A. ROBERTS,
President.

March 31st, 1971



(Incorporated under the laws of Quebec)

AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
OCTOBER 31, 1970

ASSETS

Cash	\$ 132,696
Accounts receivable (less allowance for doubtful accounts \$19,687)	722,905
Due from director of a subsidiary company	19,122
Inventory of merchandise and supplies, at cost	335,628
Due from franchisees (note 2)	619,322
Mortgages, notes and loans receivable (note 3)	1,684,994
Land held for development and sale	299,053
Investment in joint land ventures (note 4)	76,006
Studio area development costs	87,953
Investment in other companies, including listed securities with a quoted market value of \$3,703,000 (note 5)	5,704,049
Rental properties, at cost (less accumulated depreciation, \$39,058) (note 6)	1,740,598
Land, buildings and equipment, at cost (less accumulated depreciation, \$1,390,495)	603,338
Other	46,417
	<u>\$12,072,081</u>

LIABILITIES

Bank indebtedness, secured (note 7)	\$ 1,156,269
Accounts payable and accrued expenses	740,865
Income taxes payable	96,047
Mortgages and notes payable (note 8)	1,851,592
Unamortized discounts on mortgages receivable (note 9)	110,070
Deferred income taxes	348,829
	<u>4,303,672</u>
Contingent liability (note 3)	

SHAREHOLDERS' EQUITY

Capital stock (notes 10 and 11)	
Authorized	
5,000,000 shares of no par value	
Issued	
3,160,615 shares	7,937,649
Deficit	169,240
	<u>7,768,409</u>
	<u>\$12,072,081</u>

Approved on behalf of the Board,
K. A. ROBERTS, Director
H. HUNTER, Director

The accompanying notes are an integral
part of these financial statements.



AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 1970

1. Principles of consolidation

The consolidated financial statements include the accounts of the following wholly-owned subsidiaries, acquired in 1970:

Diversco Holdings and Industries Limited
T. Roberts & Sons Limited

2. Due from franchisees and franchise income

Amount due from franchisees	\$771,555
Less: Allowance	152,233
	<u>\$619,322</u>

The company follows the policy of taking into income the entire sales price in the year that franchise rights are sold, and provides an allowance of 20% on unpaid balances. On this basis, an amount of \$353,000 has been taken into income for the period in connection with sales of \$434,000. Cash collections for the period were:

\$28,000 with respect to franchises sold in the period.

\$66,000 with respect to franchises sold in prior periods.

In addition to income from the sale of area franchise rights, the company is entitled to receive royalties based on a percentage of the fee income of the music studios, and the company is the exclusive supplier of musical instruments and supplies for these studios.

3. Mortgages, notes and loans receivable

Mortgages	\$1,068,909
Balances due under agreements of sale	254,741
Notes	325,000
Loans	74,125
	<u>1,722,775</u>

Less: Allowance for possible losses on realization	37,781
	<u>\$1,684,994</u>

Approximately \$409,000 of the above total is due within one year.

During the fiscal period ended October 31, 1970, a subsidiary company sold its interest in the Robert Woolley Shoe Company Limited for \$550,000. Of this amount \$225,000 was received in cash and the balance of \$325,000 is represented by non-interest-bearing notes as follows:

\$125,000 due from the purchaser, falling due in equal annual instalments from 1972 to 1979.

\$200,000 due from another Canadian company, falling due in equal semi-annual instalments to 1975.

The amount due from the purchaser is secured by all the issued preference shares and approxi-



AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

OCTOBER 31, 1970

mately 75% of the issued common shares of The Robert Woolley Shoe Company Limited until the amount is reduced to \$50,000.

The subsidiary company continues to guarantee the bank loan of The Robert Woolley Shoe Company Limited up to a maximum of \$500,000 for which it receives a fee. The Robert Woolley Shoes Company Limited is required by the agreement to maintain its assigned receivables at 133 $\frac{1}{3}$ % of the bank loan.

4. Investment in joint land ventures

This investment is carried at cost plus carrying charges and includes a joint venture with a director of a subsidiary company amounting to \$62,175.

5. Investment in other companies

Canadan Goldale Corporation
Limited

833,790 shares at cost (quoted market value \$3,544,000)	\$5,459,036
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Other listed stocks at cost (quoted market value \$160,000)	194,619
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Other investments, at cost	50,394
	<u>\$5,704,049</u>

The investment in Canadian Goldale Corporation Limited represents 29% of the issued shares.

Because of the number of shares involved, the quoted market value of these shares is not necessarily indicative of the amount which would be realized if they were to be sold.

6. Rental properties

Land, at cost	\$ 258,250
Buildings and equipment, at cost	1,521,406
	<u>1,779,656</u>
Less: Accumulated depreciation	39,058
	<u><u>\$1,740,598</u></u>

The company provides depreciation at 2% per annum on the cost of buildings and equipment.

7. Bank indebtedness

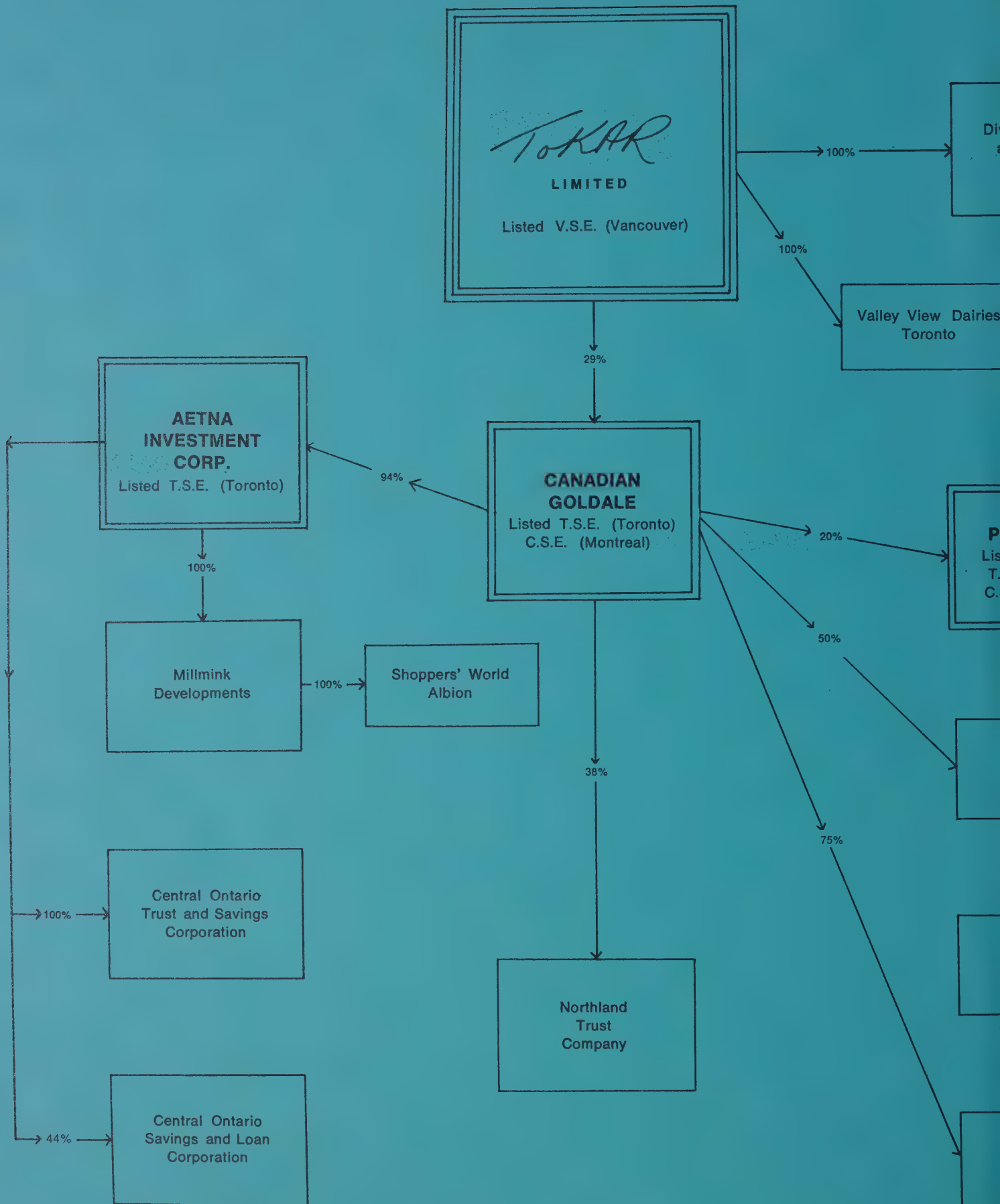
Bank indebtedness is secured by pledging of certain investments and assignment of receivables.

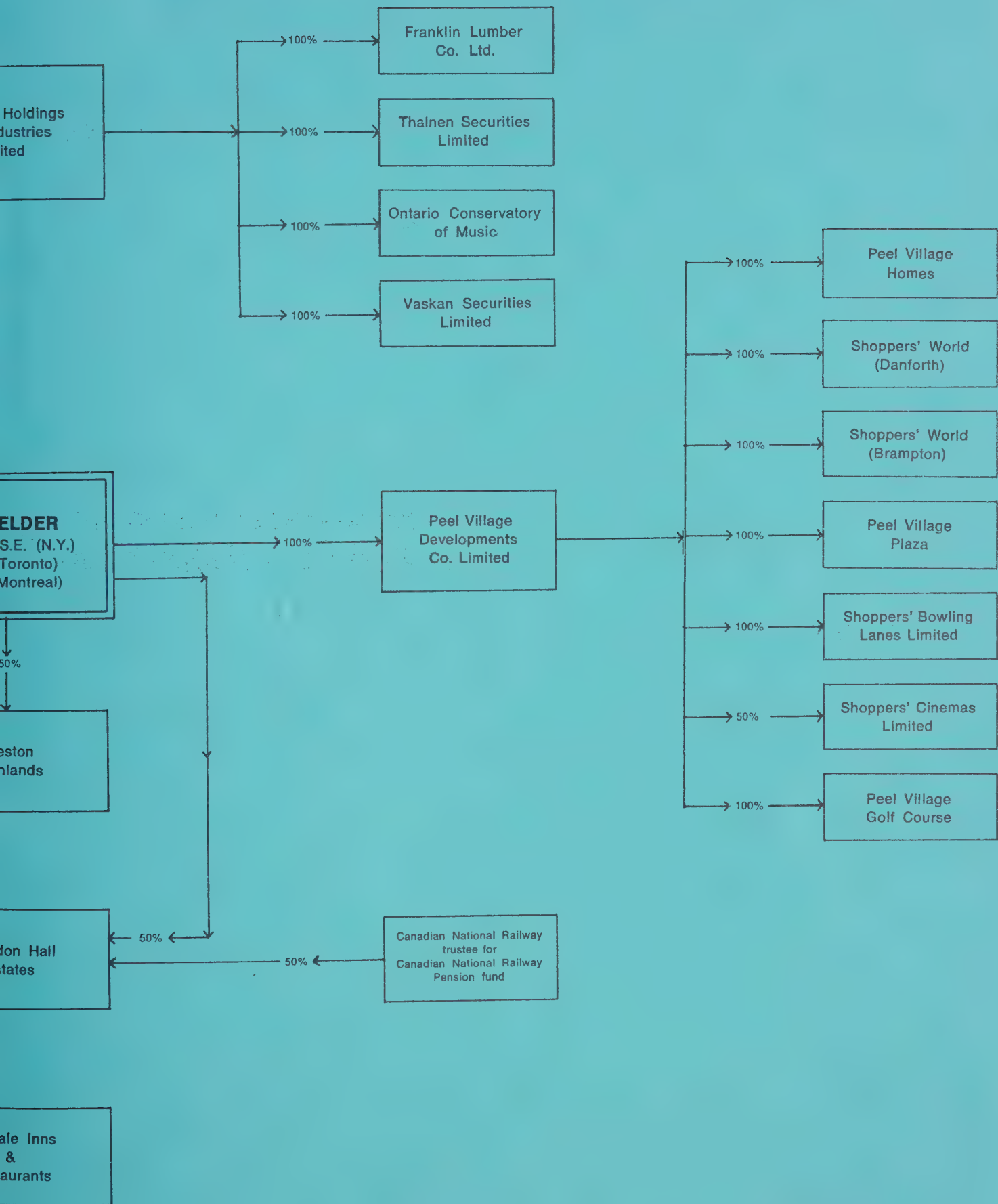
8. Mortgages and notes payable

Mortgages on land held for development and sale	\$ 102,600
Mortgages on agreements for sale	153,435
Mortgages on rental properties	1,222,349
Mortgages on fixed assets	50,230
Notes payable—vendors of sub- sidiary company, due 1974	150,000
Notes payable—other	172,978
	<u><u>\$1,851,592</u></u>



CORPORATE CHART







AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS continued

OCTOBER 31, 1970

Mortgages on rental properties bear interest at rates from 7¼ % to 12½ %.

Principal amounts of the above mortgages and notes are repayable as follows:

1971	\$210,518
1972	221,038
1973	312,610
1974	259,687
1975 and beyond	847,739

9. Unamortized discounts on mortgages receivable

The company amortizes discounts on mortgages and agreements of sale monthly by the straight-line method over the term of individual investments.

10. Capital stock issued

	Shares	Amount
Balance, January 1, 1970	259,666	\$ 525,370
Issued during the period	2,900,949	7,412,279
	<u>3,160,615</u>	<u>\$7,937,649</u>

On January 19, 1970, 1,935,852 shares of capital stock were issued in exchange for 645,284 shares of Canadian Goldale Corporation Limited under the terms of an offer dated December 12, 1969. The directors valued the shares so issued at \$4,516,988, or \$2.33 per share.

In January, 1970, all the issued and outstanding common shares of Diversco Holdings and In-

dustries Limited were acquired by issuing 965,097 shares of Tokar Limited. The directors valued the shares so issued at \$2,895,291 or \$3.00 a share.

11. Capital stock to be issued

The company is committed to issue a further 143,000 shares of its capital stock to the former Class A convertible preference shareholders of Diversco Holdings and Industries Limited upon conversion of these shares into Diversco common shares by Tokar Limited, but in any event, not later than February 1, 1974.

At such time as Tokar Limited discharges its commitment to the former holders of the Class A convertible preference shares of Diversco Holdings and Industries Limited by the issuance of an additional 143,300 shares of fully paid common shares of Tokar Limited, the excess cost of subsidiary's shares over the book value of its assets (see statement of deficit) will be increased by the total value attributed to the said 143,300 shares of Tokar Limited by its directors at that time.

12. Change of fiscal year-end

In 1970, the company changed its fiscal year-end from December 31 to October 31.

13. Remuneration of directors and senior officers

No remuneration was paid to directors or senior officers of Tokar Limited by the company or its subsidiaries during the ten months ended October 31, 1970, except for an amount of \$1,900 for secretarial services.



AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENT OF DEFICIT
FOR THE TEN MONTHS ENDED OCTOBER 31, 1970**

Balance, beginning of the period	\$ 35,396
Excess of cost of investment in subsidiary companies over the book value of their assets, written off (note 11)	<u>344,998</u>
	380,394
Net income for the period	<u>211,154</u>
Balance, end of the period	<u><u>\$169,240</u></u>

**CONSOLIDATED STATEMENT OF INCOME
FOR THE TEN MONTHS ENDED OCTOBER 31, 1970**

Gross Revenue	
Sales	\$4,936,096
Investment income	216,299
Profit on sale of real estate	78,445
Rental income	192,831
Sale of studio area franchises	<u>434,572</u>
	<u>\$5,858,243</u>
Income before the following charges	\$ 691,488
Depreciation	105,021
Interest on long-term debt	169,406
Income before income taxes	417,061
Income taxes — current	140,529
Income taxes — deferred	<u>132,146</u>
Net income before extraordinary item	<u>144,386</u>
Profit on sale of long-term investments	<u>66,768</u>
Net income for the period	<u><u>\$ 211,154</u></u>
Earnings per share, before extraordinary item	\$0.05
Extraordinary item	<u>0.02</u>
Earnings per share	<u><u>\$0.07</u></u>



AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF FUNDS FOR THE TEN MONTHS ENDED OCTOBER 31, 1970

Source of funds		
Operations		
Net income	\$211,154	
Add items not requiring cash outlay		
Depreciation	105,021	
Deferred income taxes	132,146	
Other	(51,453)	
		\$ 396,868
Sale of subsidiary company		225,000
Sale of other investments		112,958
Sale of fixed assets		157,183
Increase in long-term debt		383,441
Increase in bank indebtedness		374,018
Net change in other assets and liabilities		183,065
		<u>\$1,832,533</u>
Use of funds		
Purchase of subsidiary companies		265,002
Purchase of other investments		353,485
Increase in mortgages, notes and loans receivable		279,889
Additions to rental properties		559,767
Additions to land held for development and sale		130,220
Additions to fixed assets		168,164
Investment in joint land ventures		76,006
		<u>\$1,832,533</u>

To the Shareholders,



We have examined the consolidated balance sheet of Tokar Limited and its subsidiaries as at October 31, 1970 and the consolidated statements of deficit, income and source and use of funds for the ten months ended on that date and have obtained all the information and explanations we have required. For Tokar Limited, our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the subsidiaries, of which we are not the auditors, we have carried out

such enquiries and examinations as we considered necessary in order to accept for purposes of consolidation the reports of the other auditors.

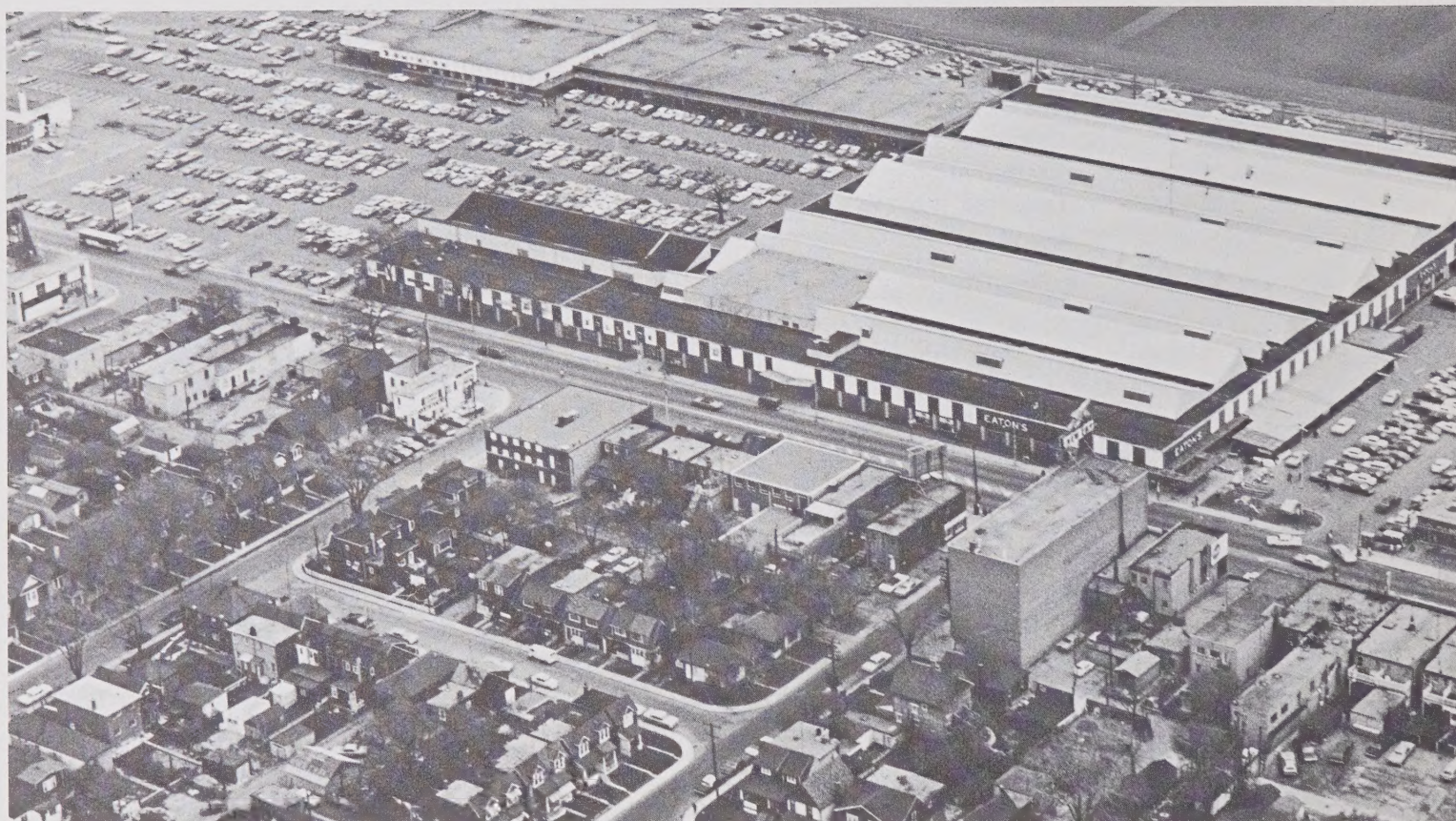
In our opinion, and as shown by the books of the companies, these consolidated financial statements present fairly the financial position of the companies as at October 31, 1970 and the results of their operations and the source and use of their funds for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 18, 1971.

COLLINS, LOVE, EDDIS, VALIQUETTE & BARROW,
Chartered Accountants.

Shopping Centres

. . . owned and operated by Peel Elder Limited



View of Shoppers' World Danforth at Victoria Park Ave. housing 60 stores including Eaton's, Canada's largest senior department store. Completed in 1962 this is one of Canada's most successful Shopping Centres and will be expanded by an additional 30 stores within the next 12 months.

Sculpture in the Shoppers' World Brampton Mall. Surrounded by beautifully lighted fountains, it has become a meeting place of the happy families who have made the Peel-Village dream a successful reality.



Fast customer service is provided by modern check-out facilities in Eaton's department store Shoppers' World Danforth.



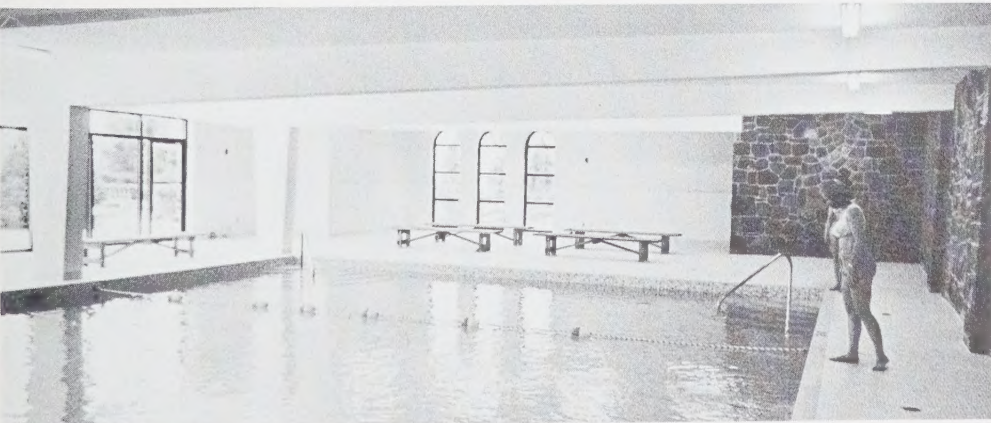
Rental Apartments

. . . Graydon Hall Estates Limited



In keeping with a policy of steady growth in rental income, Peel-Elder has continued to construct rental apartments and has expanded into a property management division. All rental properties are under the direct management of Peel-Elder staff. The desirability of Peel-Elder rental units has been further enhanced by the addition of sophisticated and highly desirable recreational and health club facilities that greatly assist in keeping the rate of vacancy below average.

Aerial view of the Graydon Hall rental project located at the main junction of cross-town and downtown freeways for fast access to all parts of Metro Toronto. This project features the latest in recreational facilities including swimming pool, saunas, squash courts, and exercise rooms in a manor house surrounded by rolling green lawns. This project is jointly owned by Peel-Elder Limited and Canadian National Railway, trustee for Canadian National Railway Pension Fund.



Indoor Pool in the Graydon Hall recreational facilities.

